



MEETING MINUTES
CITY OF HUNTINGTON BEACH
FINANCE BOARD
WEDNESDAY, JULY 8, 2009 AT 6:00 PM
CIVIC CENTER, LOWER LEVEL, ROOM B-8

- 1) **CALL TO ORDER:** At 6:05 PM, Chair Falzon called the meeting to order.
Present: Vice Chair LoGrasso Members: Jones and King
Absent: Members Corkett and Garcia
Also Present: Bob Wingenroth, Director of Finance, Carrie Gonzales, Administrative Assistant, and Michael Solorza, Senior Administrative Analyst
- 2) **PUBLIC COMMENTS:**
No public comments were made.
- 3) **APPROVAL OF MEETING MINUTES:**
June 10, 2009 – Vice Chair LoGrasso made a motion to approve the minutes as amended, seconded by Member Jones. The motion was approved 3-1-2. (Member King abstained and Members Corkett and Garcia absent)
- 4) **STAFF REPORTS/BUSINESS ITEMS:**
 - a) **Chairman's Update**
Chair Falzon did not have anything further to discuss that is not already covered on tonight's agenda.
 - b) **Cost Allocation and Fee Study Update**
Bob reported to the Board that the City Council approved the cost allocation and fee study at the June 15 City Council Meeting. Bob stated this would bring approximately \$500,000 to \$1 million of new revenue for the City. Most fees are related to Development. Revenues will depend on how much development is happening in the City. Chair Falzon asked that this item be removed from the August 12 agenda.
 - c) **Strategic Plan Update**
Bullet #1 – Bob reviewed with the Board the staffs proposed changes for the Reserve Policy, which was presented to the City Council at the July 6 meeting. He explained staff is recommended to combine the four current reserves (economic uncertainties, second tier reserve, Infrastructure Fund and Capital Improvement reserve) into one economic uncertainties reserve, which is currently 29.7 million. This new proposed Economic Uncertainties Reserve would be equal to two months of expenditures, could be used in an emergency, would require City Council approval to be used, and if it is used, it must be repaid within three years. Council Member Hansen did not support the change and stated he worked hard to establish the 25% Infrastructure Fund and 25% Capital Improvement reserves and would like the two funds to remain as is. The Council suggested to combine the second tier and economic uncertainties funds and keeping the other two funds separate.

Bullet #2 – Bob informed the Board the long-term financial plan is very early on. Currently priority is 100% of staff time is spent working on the four percent budget reduction. Staff is struggling with the assumptions for reserves. The first year of plan will be 2010/11, 2011/12, and 2012/13 and there will be three ranges, low, mid, and optimistic. Bob and Board Members discussed what inflation will do to the city, what steps could be done to control costs, how the market rate wage could cut costs. Bob mentioned staff would be closing all purchase orders with no activity since January, which will be in



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excess of 1 million dollars. Bob mentioned the costs of CalPERS retirement are going up \$100,000 this year and by FY 2011/12, it will be \$6 million and Departments are continuing to cut expenditures.

d) Cost savings suggestions – Revenue generating ideas for City Council

Bob informed the Board that prevailing wage was not required for the current street sweeping contract. He also mentioned the City Administrator sent letters to vendors asking for a ten percent discount on services. The response will save approximately \$175,000.00. Chair Falzon asked staff if the City Administrator had incorporated the Board's suggestions with the Employee's suggestions. Bob did not know if the two lists were combined, he will follow-up and will report to the Board.

e) Review of the Board's Annual Calendar

Chair Falzon review with the Board Members the current calendar and suggested the following changes:

- Add CAFR review
- Add Review recommendations from Auditors
- Change New and Increased Revenue Sources to Cost Allocation/ Fee Study
- Add Proposed Budget

5) OPEN/CLOSED ITEM LIST

Open item #2009-01 – Chair Falzon had a question regarding item two of the RCA dated 5/18/09, page 9-7. Item two states: RDA to accelerate repayment of the debt and/or issue new debt to the city to fund the infrastructure shortfall and present the result to the City Council/RDA for direction. The RCA lists this as completed at the March 2 Council Meeting. Chair Falzon would like to know how this item was completed. Bob mentioned he would ask Kellee Fritzel, Deputy Director of Economic Development and Robert Sedlak, Accounting Manager to attend a future meeting to answer questions regarding the RDA.

6) COMMENTS FROM BOARD MEMBERS

Bob and the Board discussed the possible annexation of Sunset Beach and the May 2009 monthly report. Vice Chair LoGrasso informed the Board he would not be attending the August meeting.

ADJOURNMENT

Member King made a motion at 8:00 PM to adjourn the meeting to Wednesday, August 12, 2009, at 6:00 PM, seconded by Member Jones. The motion was approved 4-0-2. (Members Corkett and Garcia absent)

Respectfully submitted by:
Bob Wingenroth, Director of Finance
Secretary to the Finance Board